

MIKE KREIDLER
STATE INSURANCE COMMISSIONER

STATE OF WASHINGTON



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OFFICE OF
INSURANCE COMMISSIONER

IN THE MATTER OF

OBLATE ANNUITY TRUST,

An Unauthorized Insurer.

ORDER NO. 14-0079

CONSENT ORDER LEVYING A FINE

The Insurance Commissioner of the State of Washington, pursuant to the authority set forth in the Insurance Code, including RCW 48.02.080, RCW 48.05.030, RCW 48.38.050 and RCW 48.38.070, and having reviewed the official records and files of the Office of the Insurance Commissioner ("OIC"), makes the following:

FINDINGS OF FACT:

1. Oblate Annuity Trust ("OAT")¹ is a charitable organization that has issued charitable gift annuities ("CGA") in the State of Washington and is, therefore, governed by Title 48 RCW.
2. In 1979, the Washington State Legislature enacted Chapter 48.38 RCW, which sets forth the legal and regulatory requirements for the sale of charitable gift annuities in Washington. RCW 48.38.010 provides that a qualified charitable organization may, upon receiving a Certificate of Exemption from the Commissioner, conduct a charitable gift annuity business and be exempted from many of the requirements contained in Title 48 RCW.
3. In November 2011 OAT applied for a Certificate of Exemption ("COE"). Company Supervision staff has been working with OAT on its application during this time. An application remains pending. During this application process, Company Supervision staff learned that OAT issued 59 charitable gift annuities before it applied for its COE and after RCW 48.38 *et seq* took effect. OAT indicates that in 2009 it realized it needed to be registered in certain states in order to offer CGAs; all Washington CGAs were issued before 2009. OAT never possessed, and still does not possess, either a COE or a Certificate of Authority under RCW 48.05.030(1). Its current application for a COE remains pending.

¹ OAT also apparently does its business through or using a variety of other, similar names and/or entities, such as Missionary Oblates of Mary Immaculate, Missionary Oblates of Mary Immaculate of Texas, Inc., Oblate Missionary Society, Inc., and Oblates of Mary Immaculate, Inc. For simplicity, this order refers to them all collectively as OAT.



CONCLUSIONS OF LAW:

1. By issuing at least 59 charitable gift annuities without receiving a Certificate of Exemption, OAT committed at least 59 violations of the Insurance Code, including RCW 48.15.020 and RCW 48.15.020(2)(b), and remains liable for the performance of the contracts and for the full amount of any loss sustained by an annuitant under any such contract.
2. RCW 48.15.020(3) authorizes the Commissioner to order OAT to replace annuities improperly placed with it with annuities issued by an authorized insurer.
4. RCW 48.02.080, RCW 48.15.023(5)(a)(i), and RCW 48.38.070 authorize the Commissioner to order Oblate Annuity Trust to cease and desist from violating the Insurance Code.

CONSENT TO ORDER:

OAT, acknowledging its duty to comply fully with the applicable laws of the State of Washington, consents to the following and to the entry of this Consent order Levying a Fine ("Order") as a final order in this matter in consideration of its desire to resolve this matter without further administrative or judicial proceedings. The Insurance Commissioner consents to settle the matter in consideration of OAT's payment of a fine and such terms and conditions as are set forth below.

1. OAT consents to the entry of this Order, waives any and all hearing rights, and further administrative or judicial challenges to this Order.
2. OAT agrees that it will not issue further charitable gift annuities to Washington residents unless and until such time it is granted a Certificate of Exemption by the Commissioner.
3. By agreement of the parties, the Insurance Commissioner will impose a fine of seven thousand five hundred dollars (\$7,500.00), payable within thirty (30) days of the entry of this Order.
4. OAT acknowledges that OIC may later order the replacement of any in-force charitable gift annuities placed by OAT in this state with an annuity issued by an authorized insurer. OAT will continue to make diligent efforts to obtain its COE, and agrees that it will refrain from repudiating or otherwise failing to fulfill the terms of its in-force annuity contracts formed prior to the effective date of this Order.

5. OAT's failure to timely pay the fine and to adhere to the conditions above shall result in the recovery of the fine through a civil action brought on behalf of the Insurance Commissioner by the Attorney General of the State of Washington, and such other and further action as may be appropriate and authorized under the Insurance Code.

EXECUTED this 13 day of MAY, 2014.

OBLATE ANNUITY TRUST ²

By: Ray J Marek

Printed Name: RAY J Marek

Title: Trustee

ORDER:

Pursuant to the foregoing Findings of Fact, Conclusions of Law, and Consent to Order, the Insurance Commissioner hereby orders as follows:

1. OAT (including all affiliated companies identified in footnote 1 above) shall not issue further charitable gift annuities to Washington residents unless and until such time it is granted a Certificate of Exemption by the Commissioner.
2. OAT shall pay a fine in the amount of seven thousand five hundred dollars (\$7,500.00) within thirty (30) days of the date this Order is entered.
3. OAT will continue to make diligent efforts to obtain its COE, and shall timely, fully, and completely make all payments to Washington consumers under all in-force charitable gift annuities, and will refrain from repudiating or otherwise failing to fulfill the terms of its in-force annuity contracts formed prior to the effective date of this Order.

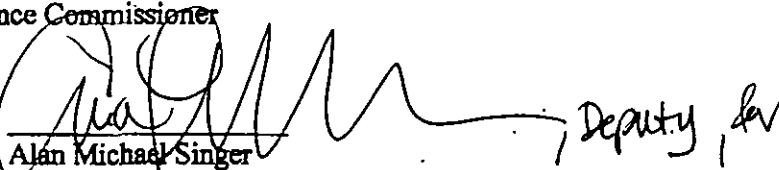
² Including entities identified in footnote 1 above.

4. OAT's failure to timely pay the fine and to adhere to the conditions above shall result in the recovery of the fine through a civil action brought on behalf of the Insurance Commissioner by the Attorney General of the State of Washington, and such other and further action as may be appropriate and authorized under the Insurance Code.

ENTERED AT TUMWATER, WASHINGTON, this 20 day of May, 2014.

MIKE KREIDLER
Insurance Commissioner

By:


Alan Michael Singer
Staff Attorney
Legal Affairs Division

Deputy, for